

COPY NO. 39

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CENTRAL INTELLIGENCE AGENCY
OFFICE OF CURRENT INTELLIGENCE

DAILY DIGEST

Date: APR 7 1951

- NOTE:
1. This summary of significant reports has been prepared primarily for the internal use of the Office of Current Intelligence. It does not represent a complete coverage of all current reports in CIA or in the Office of Current Intelligence.
 2. Comments represent the preliminary views of the Office of Current Intelligence.
 3. Marginal letter indications are defined as follows:
 - "A" - items indicating Soviet-Communist intentions or capabilities
 - "B" - important regional developments not necessarily related to Soviet/Communist intentions or capabilities
 - "C" - other information indicating trends and potential developments

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SECTION 1 (SOVIET)

"A" USSR. Malik Cites US "Aggression" in Korea and Formosa. In a conversation with a member of the US delegation to the UN, Soviet Delegate Malik cited Korea and "the seizure of Formosa" as evidence of US "aggressiveness". He commented with some vehemence that nobody could believe the US really considered Korea essential to its security, stating that it was thousands of miles from the US but "only 65 miles from an important Soviet area" and it also bordered on China. When asked about the Soviet objectives in Korea, Malik replied that his government wanted a peaceful solution. The US, "perhaps because of the influence of General MacArthur," wanted to conquer the Far East even if it meant world war, he added. Malik was noticeably guarded and evasive in regard to a query as to why the Chinese Communists had not replied to the message from President of the UN General Assembly Entezam. He left the impression that he was not well-informed on the question rather than that he wanted to conceal what he knew. [redacted]

[redacted] COMMENT: Malik's attitude in this conversation would appear to indicate no essential change in the Soviet position with respect to either the world situation in general or the Korean war in particular.

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"A" TASS Denies that Soviet Troops are in Manchuria. According to Moscow Radio, the TASS news agency has been authorized to deny reports in the United States press that Soviet troops were being concentrated in Manchuria. [redacted] COMMENT: Soviet propaganda media do not usually react so quickly to foreign press reports as in this instance. This suggests that the USSR wishes to avoid any appearance of direct involvement in the Korean war. The presence in Manchuria of Soviet military personnel, particularly air and technical advisers, is confirmed. There is no confirmed evidence of the presence of Soviet military units there, outside of the Soviet bases in the Dairen-Port Arthur area.

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"C" Stalin "Peace" Prizes Awarded. On 6 April, Radio Moscow announced the winners of the Stalin international "peace" prizes. Prof. Frederic Joliot-Curie, French Communist scientist, headed the list of seven recipients. Among the winners identified were: Mme. Sun Yat-sen, head of the Red Chinese relief administration and sister of Mme. Chiang Kai-shek; Dr. Hewlett Johnson, known as the "Red Dean" of Britain's Canterbury Cathedral; Rev. A. W. Moulton, retired Protestant Episcopal Bishop of Utah, who has said he cannot accept the money for his work for peace; Mrs. Pak Den-ai, President of the Democratic Women's Union of North Korea; Gen. Heriberto Jara, a former Mexican Minister of the Navy. The prizes were established by a decree of the Presidium of the Supreme Soviet on 20 Dec. 1949, in connection with Stalin's 70th birthday. They are to be awarded each year "for outstanding services in the struggle to consolidate peace." Each recipient is to receive a gold medal bearing the likeness

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of Stalin and 100,000 rubles (approximately \$25,000). [REDACTED]
[REDACTED] COMMENT: Several of these people have taken an active part in the Communist-sponsored World Peace organization, while the names of others -- whether known Communists or merely fellow-travelers -- often have been used to add prestige to the "peace" movement.

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"C" EASTERN EUROPE. CZECHOSLOVAKIA. Czech Minister to Mexico Reported to Have Requested Asylum in Praha on 4 April. The US Embassy was informed by the Mexican Minister to Czechoslovakia that a reliable source had informed him that Czechoslovak Minister Kaisr had requested asylum from the Mexican Government. According to the source Kaisr has parted with his wife (the daughter of Prime Minister Zapotocky) and children who intend to return to Czechoslovakia. [REDACTED]

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"C" Purge of Foreign Office Continues. According to US Embassy Praha, Vice Minister Sekaninova as well as Vice Minister London of the Foreign Offices have been relieved of their positions. Charges against London include use of courier pouch to import US nylon stockings. Sekaninova's husband has been in Belgium since mid-September negotiating Czech-Belgium property agreement. [REDACTED]

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"A" POLAND. Sino-Polish Cultural Agreement Signed. Radio Peiping announced that a Sino-Polish Cultural Agreement was signed in Warsaw on 3 Apr 51. In addition to promoting friendly relations between the two countries, the agreement aims to establish "direct relations and mutual assistance in culture education, arts and science." A joint Polish-Chinese Commission with two subcommittees, one in Peking and one in Warsaw will be formed to implement the agreement. [REDACTED] COMMENT: This is the fourth Sino-Polish Agreement signed thus far in 1951. Other agreements, concluded in Jan. 1951, are: (1) a trade agreement for the exchange of goods and raw materials; (2) a shipping agreement establishing a Polish-Chinese Communist shipping line for the exclusive use of Sino-Polish trade; and (3) a postal and telecommunications agreement providing for regular telegraphic, telephonic, postal and radio communications. It has recently been noted that almost all Polish ships now visit the Far East carrying strategic materials and are bunkering fuel at Tsingtao.

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"A" Plans of Merchant Marine for Outbreak of War. According to a 5 April message Hqs US Naval Forces in Eastern Atlantic and Mediterranean (CINCNELM), [REDACTED] plans have been made to incorporate the Polish Merchant Marine into the Navy in the event of war. The following orders allegedly have been issued to all Polish ships: (1) upon the receipt of a certain radio signal all merchant ships are to leave German and NATO controlled ports immediately; (2) all ships are to seek Soviet or Polish territorial waters as soon as possible; and (3) upon actual outbreak of war, the Polish merchant marine will come under the jurisdiction of the Polish Navy. [REDACTED]

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"C" Moscow and Rome Version of Togliatti Speech Differ. Moscow press comment on the 7th Congress of the Italian Communist Party (PCI), which opened in Rome 3 April, seemed intended to convey an impression of strength, growth, and solidarity within the PCI with no mention of the recent dissension and defections. Togliatti's address to the Congress was reported as mainly devoted to an attack on USA war plans and elaboration upon the Soviet policy of peace. From these press comments US Embassy Moscow gained the impression that Soviet tactics would seek to strengthen the PCI by appealing to Italians on the peace issue rather than on strictly national issues such as land reform, wages and unemployment, although a tinge of nationalism was noted in Togliatti's statement that Communists are not opposed to an army for Italy but are only against an Italian army for Eisenhower. [REDACTED]

[REDACTED] COMMENT: Press reports from Italy convey a different impression of Togliatti's speech. Not only was Togliatti's offer to cease opposition to the Government (if Italy would quit the Atlantic Pac) conspicuously absent from the Moscow summary of his speech, but in the Rome version Togliatti actually devoted many of his remarks to domestic issues designed to strengthen PCI influence in coming elections, especially stressing the Government's failure to keep promises made in 1948 elections to reform the economic structure of the country and to stabilize it under Marshall Plan. He played the ineffectiveness and slowness of agrarian, social and industrial improvement measures. Moscow picked up only those items of use to its current domestic propaganda.

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SECTION 2 (EASTERN)

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"C" PHILIPPINES. Government Meets ECA Terms for US Aid. The Philippines qualified for \$15 million ECA interim aid on 6 April when President Quirino signed a minimum wage law. This measure, the third in a series of acts recommended by ECA, provides minimum daily wages of 87½ cents (US) for agricultural workers (eventually to be increased to \$1.25), and \$2 for industrial and government workers. [REDACTED]
COMMENT: The "interim" US aid will be available immediately, pending mutual agreement upon a longer term economic development program. The other prerequisite measures - a 17% foreign exchange tax and an increased levy on corporate incomes - have already become law.

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"C" NEW ZEALAND. Waterfront Strike Continues. The waterfront strike is still unsettled. The President of the Waterside Workers Union claims he has assurance of support from the London Port Workers Committee, the Australian watersiders, and US West Coast longshoremen. The New Zealand Federation of Labor is now "all out" to help the Government break the strike, and most unions have abandoned the watersiders. [REDACTED]
COMMENT: The admission of the watersiders' leader confirms previous indications that the strikers are receiving external support. The Government has sequestered the unions funds. New Zealand servicemen are apparently continuing to work the wharves.

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SECTION 3 (WESTERN)

"C" GERMANY. Improved Berlin Transport Situation. US authorities in Berlin report no major Soviet harassing measures against water, rail, and highway movements between Western Germany and West Berlin. The Soviets have now apparently agreed to sign the recent agreement with the British on Berlin water transportation, and most inter-zonal canal traffic is flowing freely, although the Rothensee locks remain closed for repairs. Rail movements have been normal. Truck traffic is now fairly normal, although the Soviets continue to hold traffic at their main check-point until a back-log accumulates. All vehicles are then released at once and, when these vehicles converge on the British check-point, the Russians take news-reel pictures showing the contrast between free traffic on the Soviet side and the back-log at the British border.

COMMENT: The present situation represents a considerable improvement. Sporadic harassing, by the Soviets and East Germans, of Allied traffic increased during early March, with canal restrictions and demonstrations against Allied trains resulting in a tightening of Allied restrictions on East German barges in West Berlin and British-Soviet talks on the water traffic situation.

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"B" FRANCE. Communists Plan Renewed Strike Agitation. French Communist Party (PCF) acting Secretary General Duclos, outlining future policy to the Party strike strategy committee, which reportedly convened in an atmosphere of gloom, stressed that optimism must be inculcated not only among the masses "but also" among PCF militants. He foresees the "inevitable" breakdown of the four-power conference which will force the PCF to take vigorous trade union action, and called for political exploitation of a second wave of strikes that will result from the Government's price policy. He declared that agitation among government workers is the most promising field for strike action. Reviewing the recent strike, the General Workers' Confederation (CGT) leaders who compose the PCF strike strategy committee expressed their conviction that politically motivated mass strikes are impracticable without substantial economic grievances. For the present, they prefer concentrating strike efforts on the comparatively militant communications workers rather than attempting a broader offensive among government workers whom they characterize as "a poor lot with inadequate class consciousness".

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COMMENT: Although the PCF has not yet attempted systematic political exploitation of the sporadic strikes which are occurring in various government arsenals, increasing political agitation is likely as local union chiefs are redrilled in the importance of political objectives. The anticipated

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further substantial rise in prices can be expected to favor the PCF's hopes for more successful exploitation of all strikes, but CGT leadership will undoubtedly follow Party orders when expediency requires that labor unrest be channeled to political ends.

"B"

Communist Propaganda Effective in rural France. Communist word-of-mouth propaganda against German rearmament is sympathetically received by the peasants in the remote rural areas where press and radio audiences are limited. According to a member of the French National Assembly, German rearmament cannot be accepted by the French so long as this successful propaganda theme is not countered by facts, because they remember too vividly the brutalities of the German occupation in World War II. [REDACTED]

COMMENT: While Communist strength has been declining in France during the past two years, the Communists have had marked success in discrediting such US policies as German rearmament. Recent indications of Communist activity in rural France may point to an effort to recoup the loss of political support in urban centers.

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"A"

ITALY. Communists Plan New Tactic in Peace Campaign. Togliatti, stressing the question of war or peace in his speech at the Communist Party (PCI) congress, declared that the problem now facing Italy was not neutrality but peace and independence from foreign intervention and that the PCI was seeking above all to achieve this objective. Party No. 2 man Longo speaking on trade union activities admitted that the anti-Communist labor organizations were causing demoralization among the workers, particularly those in the metallurgical and textile industries. Togliatti's speech indicates that he and Moscow believe the PCI can operate effectively by continually posing as the "party best capable of rallying the majority of the population in favor of peace". The Embassy anticipates that the PCI will use "independence" propaganda to cover its campaign of pacifism and military defeatism in order eventually to disrupt the MDAP program. The fact that Longo, rather than Di Vittorio, head of the Communist-dominated General Labor Confederation (CGIL), delivered the speech on labor matters is considered to emphasize CGIL subordination to over-all PCI policy. [REDACTED]

COMMENT:

US Embassy Rome's interpretation appears accurate. Large-scale PCI-inspired strikes to disrupt MDAP will probably not succeed because of increasing worker opposition to protracted work stoppages. However, the PCI "peace and independence" campaign to neutralize Italian participation in the NATO may win some support among nationalist elements of the population.

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"C"

UNITED KINGDOM. Criticism of MacArthur Renewed. Public criticism of General MacArthur has again been aroused by his recent statement that Chinese Nationalist troops should be allowed to invade the

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Chinese mainland, and a Labor MP has introduced in Commons a motion of no confidence in him. The Government is not expected to allow this to be debated, and has issued unofficial denials that any change in policy is involved or anticipated. The pro-Labor London Daily Herald is also critical of MacArthur, but points out that US Governmental policy as enunciated by the President remains superior to MacArthur's views. [redacted]

COMMENT: UK Government policy, supported by overwhelming public opinion, is to avoid extension of the Korean hostilities. Public sensitivity on the question is aggravated by every hint of what it considers MacArthur's propensity to involve UN forces in a general war. The Government's constant efforts are towards emphasizing accord in US-UK policies, but it is subjected to frequent pressure from its own ranks on this Far Eastern issue; the MP offering the present motion, for example, has not in the past been prominent among back-bench critics of Government policy.

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[redacted] Argentina and the UK have agreed to resume their meat trade, which has been suspended since July 1950. Further details are expected shortly. COMMENT:
UK-Argentine trade negotiations have been snarled for over a year by disagreement over a new meat price, level of trade, and numerous financial questions, including Argentine remittance of profits and financial arrears owed to the UK.

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"C" BOLIVIA. Paz Estenssoro's Return Delayed by Panagra. On 4 April Panagra cancelled the flight scheduled to return Victor Paz Estenssoro (MNR presidential candidate) to Bolivia, because it feared that possible disorders by welcoming crowds would jeopardize the safety of the plane and other passengers. [REDACTED]

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[REDACTED] MNR party members blamed the Government for this postponement, and more than 10,000 paraded in downtown La Paz in orderly demonstrations. The administration party candidate cautiously vacated his home. Panagra is prepared to issue a statement absolving the Government of blame for the cancellation of Paz's passage and is recommending that Paz be returned to Bolivia by a special plane on 7 April. [REDACTED] COMMENT: The Government is holding police and army units in readiness to cope with possible disorders which may attend Paz' return from exile.

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DAILY DIGEST SUPPLEMENT

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CENTRAL INTELLIGENCE AGENCY

OFFICE OF CURRENT INTELLIGENCE

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7 April 1951

DEPUTY FOREIGN MINISTERS' CONFERENCE

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SECTION 1 (SOVIET)

"B" YUGOSLAV-FRENCH. Yugoslav-French Economic Agreement Ready for Signature. A spokesman for the French Foreign Office has informed US Embassy Paris that he believes all outstanding points in French-Yugoslav economic negotiations have now been settled. The spokesman stated that definitive agreements are being drafted and signature is hoped for within a week. The overall agreement, according to the French spokesman, will include (1) a French-Yugoslav trade agreement, (2) arrangements for the payment of Yugoslav debts to France and compensation for French nationalized industries in Yugoslavia, and (3) agreement on war materials to be sold to Yugoslavia and the terms of payment. The French spokesman states that the French Government has already indicated its support of an International Bank loan to Yugoslavia of which the equivalent of \$23,000,000 would be

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used by the Yugoslavs to purchase investment goods in France. COMMENT: An overall economic agreement between France and Yugoslavia has been delayed for two months, largely because of Yugoslav-French disagreements over the amount Yugoslavia would pay France on pre-war debts and in compensation for nationalized property in Yugoslavia. Implementation of the agreement will mark an important step in western efforts to bolster the Yugoslav economy and ability to resist a Soviet attack. Under terms of the agreement, significant quantities of western war material and arms as well as economic goods will be made available to Yugoslavia.

SECTION 3 (WESTERN)

"B" FRANCE-BELGIUM. Steel Rail Shipment Contrary to France's Export Control Policy. The French Foreign Office has advised US Embassy officials that toward the latter part of March the French Government embargoed all steel rail shipments to Communist China, and that Schuman's letter of instructions to this effect supersedes all previous arrangements. French authorities are investigating the steel shipment currently under discussion and other similar violations, but so far there is no indication of complicity on the part of the French steel industry. Embassy officials have urged the Foreign Office to request the Belgian Government to hold up the shipment pending further investigation. COMMENT: Although US pressure was necessary at first to convince the French of the necessity for stricter control of steel shipments, this report indicates that the French Government is making every attempt to abide by the spirit of the export control regulations. An occasional illegal shipment is likely to slip through until there is a firm intergovernmental transshipment policy.

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